

Realty Trust Review

September 11, 1972

VOL. III, No.17

VALUE GUIDE FOR TRUSTS IN THIS ISSUE

Trust	Last quar.	Assets Mil. \$	Port. yield	6Mo.Port. growth	--Key ratios--		Dilute poten.	Page
					Expen.	Lever.		
Short-term mortgage-independent sponsorship								
Assoc. Mtg.	June	\$ 75.9	11.77	20%	1.88	1.21	11	2
Capital	June	87.6	10.09	48	1.59	0.78	119	2
Cont. Mtg.	June	506.4	10.84	20	2.50	1.42	25	2
First Mtg.	July	367.6	10.39	28	1.76	2.40	6	3
M.I. Wash	June	48.3	10.63	39	1.79	1.38	105	3
Republic	June	74.4	12.35	18	3.20	0.60	120	3
Western	May	15.5	9.64	17	2.21	0.70	0	4
TOTAL/AVG.		\$1,175.7	10.82	27	2.13	1.21	56	
Short-term mortgage-commercial bank								
Am. Fletch.	July	79.2	10.58	85	1.65	1.41	42	4
Barnett	June	91.7	11.50	56	2.36	0.77	117	4
Cam.-Br.	June	89.0	10.54	36	1.94	1.01	91	5
Chase Man.	May	512.2	10.45	19	1.79	2.13	21	5
Citinat. Dev.	June	22.4	10.33	55	1.93 a	0.98	100	5
Cit.&Sou.	June	189.9	9.91	34	1.73	1.92	21	6
Con. Ill.	June	118.6	8.84	11	2.06	1.24	7	6
First Denver	June	56.2	10.48	18	2.30	0.99	100	6
First Penn.	July	102.9	10.58	21	2.19	0.54	64	7
First Wis.	June	59.7	10.78	NO	2.81b	1.00	0	7
Tri-South	June	100.3	10.76	59	2.21	0.85	91	7
Unionam. M&E	May	70.7	11.58	26	2.52	1.31	58	8
Wachovia	May	122.3	11.94	13	2.18	0.91	0	8
Wells-Far.	June	162.8	9.29	29	1.86	1.32	49	8
TOTAL/AVG.		\$1,777.9	10.54	36	2.11	1.17	54	
a-For year ended Mar. '72. b-For one quarter only. NO-No operations.								

a-For year ended Mar. '72. b-For one quarter only. NO-No operations.

INVESTMENT APPRAISAL OF INDEPENDENT AND COMMERCIAL BANK SHORT-TERM TRUSTS

These groups contain most of the heavy hitters in short-term mortgages and the \$2.95 billion assets is over half the short-term total. The three largest trust, Chase Manhattan, Continental Mortgage and First Mortgage in that order, are all reviewed inside. The independents have bumped against a credibility gap, investors questioning originating and leveraging capabilities. Yet the summary above shows this group has a slightly higher leverage ratio (1.21 to 1.17-1) than the commercial bank group, and their 27% average portfolio gain in the last six months is not far behind the 36% of the bank group. *Continental* and *First Mortgage* are longer term commitments because of their size, despite low dilution potentials of 25% and 6% respectively. *Associated Mortgage* is an excellent longer-term recovery candidate. The commercial bank group reacted recently amid indications the Federal Reserve Board might investigate bank sponsorship of REITs but have since recovered smartly. Any FRB action is likely years away. Most possess excellent loan generating and leveraging capabilities and there are sound values here. *Chase Manhattan* looks excellent long-term; *Cameron-Brown* and *Tri-South* have near-term earnings gains in store. *First Wisconsin* at 29 is an unseasoned but promising newcomer and *Continental Illinois* a strong recovery candidate.

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PUBLISHED TWICE MONTHLY ON THE SECOND AND FOURTH FRIDAYS SUBSCRIPTION \$84 ANNUALLY GROUP RATES ON REQUEST

ASSOCIATED MORTGAGE INVESTORS (ASE-AMY)

Type: short-term mtg.-independent. FY ends Dec. 31

RANKING

Rank	Assets NA	Equity NA	Port.Yield NA	Equity Ret. NA
Amt. (6/72)	\$75.86M	\$29.23	11.77%	11.9%

Portfolio (6/72): \$72.8M, incl. 25% pure constr., 14% combination constr. & devel. loans; 30% devel. loans; 13% on fully completed projects. About 26% is apts., 21% single family; 23% comcl. & indust., 13% condominiums. Half of holdings are in Florida, Puerto Rico or Texas.

Loss reserve (6/72): \$671T or 0.96% of mtg. loans. No losses sustained to date but write-off on Seattle project (\$386T loan) possible by year-end.

Recent portfolio changes: Invest. gained 20% over last 6 mon. at avg. \$6.0M per quar. Heavy repayments in June quar. were overcome by closing of \$24M loans, second highest in trust history, & funding of \$21M. Undisbursed portion of closed loans was \$38M at June 30. Mgmt. has stressed introducing lower-yielding loans into portfolio with yields historically among industry's highest. Yield of 11.77% is down nearly 3.0% from year ago. One delinquent loan on Houston shop. center repaid in full Aug. 31.

Capitalization (6/72): Capital of \$29.22M, all equity w. 1.33M sh. Total debt of \$35.35M incl. \$30.4M short-term bank loans; \$10.0M sr. subor. debts. due 1973; \$4.96M notes due 1973-74. Leverage ratio: 1.21-1. Sh. reserved would add 10.5% to present sh., as follows: 144T wts. at \$27 & \$28 $\frac{1}{2}$ exercisable Oct. '72 & Dec. '73.

Financing: Sold \$10.0M 10% sr. subor. debts. w. wts. Oct. 7, 1970. No public offering planned next 6 mon. Bank lines recently expanded to \$37M at $\frac{1}{2}$ % over prime; in July trust drew down \$3M in 2-yr. term loan from banks, repayable quarterly, at $\frac{1}{2}$ -2% over prime.

Investment adviser: Associated Mortgage Managers, Inc. Fee is 1.2% of funded investments (except undisbursed loan amts. below \$300T), plus 10% of ROE over 8%. Fees & expenses avg. 1.88% of invested assets latest 2 quar. In June 1971 trust approved sale of 50T sh. to officers & key employees of trust & adviser.

Trustees & officers: Richard S. Willis, mang. trustee; Alan J. Smith, chrm. adviser; John J. Flynn, pres. adviser.

Offices: 120 Giralda Ave., P.O. Box 1998, Coral Gables, Fla. 33134. Phone: 305/445-2591.

Six month outlook: Earnings are moving up even though dividends remain level, due to timing differences of cash and accrual basis used for dividends and earnings respectively. Trust has incr. loan origination & should benefit from refinancing of higher cost debt in 1973. Dividend appears secure and depressed sh. good choice for high yield (11%) and longer-term price recovery. (KDC)

CAPITAL MORTGAGE INVESTMENTS (OTC-CMORS)

Type: Short-term mtg.-independent. FY ends Dec. 31

RANKING

Rank	Assets NA	Equity NA	Port. Yield NA	Equity Ret. NA
Amt. (6/72)	\$87.62	\$24.29M	10.09%	10.4%

Portfolio (6/72): \$81.62M incl. \$79.94M in constr. mtg. loans and \$1.69M in land purchase leasebacks. Invest. primarily in Virginia and Maryland but expanding to Mid-south region thru the recent partnership.

Loss reserve (6/72): \$331T or 0.41% of portfolio.

Recent portfolio changes: Disbursed loan balances increased 48% for the 6 mos. ended June (\$13.2M avg. gain per quar.). Four land purchase leasebacks totaling, \$1.7M were completed and an equity participation for a 960-unit apartment project in Fairfax County, Va. is being negotiated, with finalization expected this fall.

Trust expects loans outstanding to reach \$100M by year end and land purchase leasebacks to amount to \$4M by that date. (The \$4M excludes the equity participation being negotiated.)

Capitalization (6/72): Capital of \$48.8M is \$29.3M equity (w. 1.26M sh.) & \$24.35M 6 $\frac{1}{2}$ % convt. subor. debts. Fixed debt of \$38.2M is \$23.5M bank notes & \$10.65M comcl. paper. Leverage ratio is 0.78-1. Sh. reserved would add 119% to present sh.

Latest financing: Sold \$25M 6 $\frac{1}{2}$ % convt. sub. deb. due Nov. 15, 1991 thru Blyth & Co. Nov. 4, 1971. Deb. convt. @ \$33/sh. (subject to adjustment). Trust has \$64M line of credit. No public financing envisioned next 6 mon.

Dividend reinvestment: Holders may purchase shares at market thru First Nat. City Bank, NYC.

Investment adviser: Capital Managers Inc. Fee is at annual rate of 1.2% of invested assets (excl. unfunded loans) plus 10% of ROE over 10%. Fees & expenses avg. 1.59% of invest. last 6 mon.

Trustees & officers: Carey Winston, chrm. of trustees and mgt. co., William N. Demas, pres. of trustees and mgt. co.

Offices: 5530 Wisconsin Av., Suite 820, Chevy Chase, Md. 20015. Phone: 301/657-3640.

Six month outlook: Continued wt. conversion may restrict somewhat, growth in earnings and dividends. Funds are available for further expansion in assets & trust possesses longer term capital appreciation potential. (VCK)

CONTINENTAL MORTGAGE INVESTORS (NYSE-CMI)

Type: short-term mtg.-independent. FY ends Mar. 31

RANKING

Rank	Assets NA	Equity NA	Port.Yield NA	Equity Ret. NA
Amt. (6/72)	\$506.4M	\$111.2M	10.84%	11.2%

Portfolio (6/72): \$444.45M gross incl. 84.5% (or \$375.6M) const. & devel. loans; 14.0% (\$62.1M) FHA-VA permanent loans; 1.5% (\$6.7M) of FHA-VA loans under short-term warehousing. Holdings widely diversified in location; about 50% in resid. property.

Loss reserve (6/72): \$4.44M, or 1.00% of mtgs. Trust charged \$613T to reserve in FY 1972, representing small losses on 13 properties.

Recent portfolio changes: Invest. gained 20% in last 6 mon., or avg. gain of \$37.5M per quar. Yield of 10.84% down 0.2% from prior 6 mon. but yield low point apparently reached in Mar. quar. Backlog of undisbursed loan balances \$380M at June 30. 90% of loans have rates tied to prime rate.

Capitalization (6/72): Capital \$203.7M incl. \$111.2M equity (w. 16.85M sh.) & \$92.48M convt. debts. Total debt \$289.6M incl. \$240.9M short-term notes, primarily comcl. paper; \$9.35M at 4 $\frac{1}{2}$ % due 1984; \$11.3M at 4 $\frac{1}{2}$ % due 1985; \$28.0M at 5 $\frac{1}{2}$ % due 1980. Leverage ratio: 1.42-1. Sh. reserved would add 24.8% to present sh. as follows: 3.82M for \$85.0M of 6 $\frac{1}{2}$ % debts. at \$22.25 and 373T sh. for \$7.5M 5% convt. debts. at \$20.13.

Financing: Sold \$80.0M 6 $\frac{1}{2}$ % convt. debts. Feb. 18, 1970. No public offerings since then & none expected next six mon. Bank lines are \$295M at prime & normal compensating balances.

Investment adviser: Continental Advisers. Fee is 1.2% annual rate on const. & devel. loans

ABBREVIATIONS AND TERMS USED IN TRUST REVIEWS

B-Billion. M-Million. T-Thousand. EPS-Earnings per share. ROE-Return on equity.

Portfolio yield: Income from real estate investments as a percentage annualized of average quarterly holdings.

Expense ratio: All expenses including advisory fees as an annualized percentage of average quarterly holdings.

Leverage ratio: Ratio of all fixed interest debt to all capital (equity plus convertible debentures).

(incl. unfunded closed loans) & 0.75% of FHA-VA loans. Fee & expenses avg. 2.50% of invest. last 6 mon. Maintains 6 regional offices.

Officers & trustees: M.J. Wallace, chrm. of trust; Durand A. Holladay, mang. trustee & chrm. of adviser; Marshall C. Dennison, pres. adviser.

Offices: 100 Federal St., Boston, Mass. 02110. Phone: 617/482-5484. Adviser: 420 S. Dixie Hwy., Coral Gables, Fla. 33134. Phone: 305/666-6161.

Six month outlook: Favorable debt structure & renewed origination vigor should aid earnings recovery in rising interest rate environment. Size restricts major percentage growth. Earnings of \$1.15-\$1.20/sh. expected in FY 1973. (KDC)

FIRST MORTGAGE INVESTORS (NYSE-FIM)

Type: short-term mtg.-independent. FY ends Jan. 31

RANKING

Rank	Assets NA	Equity NA	Port.Yield NA	Equity Ret. NA
Amt. (7/62)	\$367.6M	\$106.7M	10.39%	15.9%

Portfolio (7/72): \$343.6M divided 49% constr. loans, 24% conventional permanent loans; 15% devel. loans; 10% FHA-VA permanents. Holdings widely diversified in location & property type.

Loss reserve (7/72): \$2.2M, or 0.64% of mtgs. Recent portfolio changes: Holdings rose 28%

last 2 quar., or \$37.6M avg. gain per quar. Yield of 10.39% down 0.37% in last 2 quar. Conventional permanents nearly doubled last 6 mon. to \$83.8M & accounted for 54% of portfolio growth, vs. 44% of growth in constr. loans. New policy is to limit convent. permanents to 25% of holdings, vs. 15% previously. Earnings for July quar. included \$600T gain on sale of foreclosed property, or \$0.09/sh.

Capitalization (7/72): \$109.5M capital incl. \$106.7M equity (w. 6.77M sh.) & \$2.6M convt. debts. Debt totals \$255.6M, primarily \$173M comcl. paper, \$18M bank loans & \$65.1M sr. debts at 7.65% weighted avg. interest. Leverage ratio 2.40-1. Sh. reserved would add 6% to present sh.

Financing: Sold \$25M 8½% sr. debts. July 1, 1971 & no public financing likely next 6 mon. Bank lines \$205.5M at prime rate w. normal compensating balances.

Investment adviser: First Mortgage Advisory Corp. Fee is 1.0% annual rate on disbursed mtg. loans & 0.75% on FHA-VA loans. Also receives 10% of standby commitment fees, & 10% of income and net capital gains from equity invest. Fees & expenses 1.76% of avg. invest. last 2 quar. Adviser has eight regional loan officers.

Officers & trustees: Edmond F. Dagino, chrm. of trust; Jack R. Courshon, mang. trustee; S.J. Magenheimer, trustee & pres. adviser.

Offices: 30 Federal St., Boston, Mass. 02110. Adviser: 801 Forth-first St., Miami Beach, Fla. 33140. Phone: 305/532-7361.

Six month outlook: Incr. in conventional permanent loans may reduce overall yield long-term but should aid loan generation capability. This plus low dilution potential should permit moderate earnings and dividend growth. (KDC)

MORTGAGE INVESTORS OF WASHINGTON (OTC-MINUS)

Type: short-term mtg.-independent. FY ends Mar. 31

RANKING

Rank	Assets NA	Equity NA	Port. Yield NA	Equity Ret. NA
Amt. (6/72)	\$48.33	\$16.68M	10.63%	11.1%

Portfolio (6/72): \$42.1M. Holdings 39% (16.61M) const. loans; 34% (\$14.40M) land & devel. loans; 14% (\$5.95M) interim loans; 13% (\$5.65M) long-term (over

3 yrs) loans. By Mar. 31, 1973 trust expects \$60-65M in funded loans outstanding and \$10M in equity investments.

Recent portfolio changes: Total loans increased 39% in 6 mon. ended June or avg. gain of \$5.9M per quar. Constr. and land devel. loans had greatest increase.

Loss reserve (6/72): \$227,500 or 0.54% of portfolio.

Capitalization (6/72): Capital \$20.0M is \$16.5M equity (w. 1.19M sh.) & \$3.5M debts. convt. at \$15. Fixed debt of \$27.5M is all short-term notes. Leverage ratio 1.38-1. Sh. reserved would add 105% to present sh., incl. 1.01M sh. for wts., 234T for debts.

Latest financing: \$25M convt. sub. debent. issue (no wts.) in registration & expected Sept. 26 offering date thru Loeb, Rhoades and Johnston, Lemon. Price of conversion to be close to market & indicated interest rate of 7%.

Permanent line of credit increased to \$33M from \$24M in March at prime rate except N.Y. banks where rate is 1/4% over prime. Temporary line of credit of \$12M available till debts. offering at prime, N.Y. banks 1/4% over prime. Have \$3.5M in privately placed comcl. paper at prime rate & ¼% over prime, with maximum in paper being \$6M.

Investment adviser: MIW Advisers, Inc. Annual fee 1.2% of avg. book value (incl. unfunded loans) plus 10% of ROE over 8%. Fee & expenses avg. 1.79% of invest. last 2 quar.

Trustees & Officers: Floyd E. Davis, Jr. pres. & chrm. of trust, chrm. of adviser; Peyton B. Fletcher III, v-p & sec. of board of trustees (pres. of adviser).

Offices: 7316 Wisconsin Ave., N.W. Bethesda, Md. 20014. Phone: 301/654-3540.

Six month outlook: With new money from debent. offering & increased bank lines, trust can increase loans significantly. Entry into equity invest. adds interest. Sh. candidate for capital appreciation & dividend increase. (VCK)

REPUBLIC MORTGAGE INVESTORS (NYSE-RMI)

Type: short-term mtg.-ind. FY ends Dec. 31

RANKING

Rank	Assets NA	Equity NA	Port. Yield NA	Equity Ret. NA
Amt. (6/72)	\$74.44M	\$39.10M	12.35%	9.8%

Portfolio (6/72): \$64.94M. Holding 92.5% (\$60.08M) constr. and devel. loans; 7.5% (\$4.86M) FHA and VA loans. Geographic areas: Fla., north-east, midwest, south and south-central. Management expects that by year end in Dec. funded short-term loans will reach \$75M.

Loss reserve (6/72): \$534,858 or 0.82% of portfolio.

Recent portfolio changes: For the six mons. ended June 30, holdings incr. 18%. Constr. & devel. loans increased 28% while FHA-VA loans fell.

Capitalization (6/72): Permanent capital of \$45.6M incl. \$38.4M equity (w. 2.09M sh.) & \$7.1M subor. convt. debts. Debt totals \$27.47M, all short-term notes. Leverage ratio 0.60-1. Sh. reserved would add 120% to present sh. as follows: 1.44M for debts. at \$19 and 1.1M sh. for wt. exercise

Latest financing: On Dec. 10, 1970 offered 15,000 units consisting of a 7½%, convt. sub. debent. and wts. to purchase 15 shares of beneficial interest @ \$1,000 per unit thru DuPont Glore Forgan. The trust does not plan a public financing in the next six months.

Investment adviser: Mortgage Investment Services, Inc. Annual fee is 1.2% of avg. invest. (incl. unfunded closed loans) to \$100M & 1.0% above,

plus incentive of 10% of ROE over 10%. Fees & expenses 3.20% of avg. invest. last 2 quar.

Trustees & officers: Martin Fine, pres. of trust and adviser; Simon D. Spear, financial v-p of trust & treasurer of adviser.

Offices: 84 State St., Boston, Mass. 02109.

Adviser: P.O. Box 3108, 2401 Douglas Road, Coral Gables, Fla. 33134. Phone: 305/444-8401.

Six month outlook: Higher funded levels should permit improved profits within the limits of lower rates. (VCK)

WESTERN MORTGAGE INVESTORS (OTC-WMTGS)

Type: short-term mtg.-ind. FY ends Feb.

RANKING

Rank	Assets NA	Equity NA	Port. Yield NA	Equity Ret. NA
Amt. (5/72)	\$15.50M	\$8.96M	9.64%	7.7

Portfolio (5/72): \$12.83M. Holdings 64.5% (8.27M) constr. and devel.; 22.5% (\$2.89M) permanent FHA and VA; 13.0% (\$1.67M) conventional. For the three months ended May 31, 1972 total portfolio increased 13% with constr. and devel. loans gaining 26% while the other investments declined. Management expects funded commitments to reach \$20M by the end of fiscal 1973. Loans are concentrated in northern Fla., southeast and midwest.

Loss reserve (5/72): \$29,259 or 0.23% of portfolio.

Recent portfolio changes: Holdings gained 17% latest 2 quar. Trust letting permanent FHA-VA & conventional loans runoff. This runoff should accelerate and the trust may even sell some of its FHA and VA loans.

Capitalization (5/72): \$8.96M equity w. 1.0M sh. Also 9,500 shares to be purchased at \$8 per share under share purchase plan for trustees. Debt \$6.3M short-term notes payable. No shs reserved. Leverage ratio 0.70-1.

Latest financing: At May 30, 1972 bank lines of credit stood at \$12.5M almost double the \$6.5M the trust had as of Feb. 1971. The trust plans to increase this line more slowly in the future. A public financing is contemplated but timing and type are uncertain. Market conditions will be the determinant.

Investment adviser: Mortgage Advisers, Inc. Annual fee 1.2% of assets, not including unfunded loans plus 10% of ROE over 7%. Exp. ratio 2.21%.

Trustees & officers: Thomas P. Coogan, chrm. of trustees; Stephen Mead, pres. of adviser.

Offices: 10 High St., Boston, Mass. 02110. Phone: 617/482-3555.

Six month outlook: Trust is making modest but steady growth in earnings and dividends from present small base. (VCK)

AMERICAN FLETCHER MORTGAGE INVESTORS (ASE-AFM)

Type: short-term mtg.-comcl. bank. FY ends Jan. 31

RANKING

Rank	Assets NA	Equity NA	Port. Yield NA	Equity Ret. NA
Amt. (7/72)	\$79.21M	\$32.30M	10.58%	11.3%

Portfolio (7/72): \$74.40M. Holdings 97.8% (\$72.76M) constr. and devel. loans and 2.2% (\$1.64M) long-term loans. Constr. and devel. loans increased 89% during the six months ended June 30, 1972. Some 70% of committed funds were for loans on property found in Ind., Ill. and Ken. with the remaining 30% located in 15 other states. While portfolio growth of last 6 mon. may not be maintained, trust is expanding holdings strongly.

Loss reserve (7/72): \$111,000 or 0.15% of portfolio.

Recent portfolio changes: During 6 mon.

ended June 30, 1972 constr. and devel. loans increased 85% while the long-term area declined \$3,000. The trust's outstanding commitments June 30, 1972 were \$161M of which \$86M was unfunded compared to \$106M and \$36M on Apr. 30.

Capitalization (7/72): \$32.30M equity w. 1.30M sh. Debt: \$45.47M short-term notes payable. Leverage ratio 1.41-1. The 540T sh. reserved for wts. would add 42% to present shares.

Latest financing: 760T sh. of beneficial interest @ \$27.75 per sh. offered thru Goldman, Sachs in Jan. 1972. No public offering likely in next 6 months.

At July 31, 1972 the bank line of credit was \$50.2M, up from \$45.2M at Apr. 30, 1972. Additional lines will be sought in third quarter.

Investment adviser: American Fletcher Mtg. Co. Annual fee: 1% of invested assets to \$75M, 0.9% from \$75M to \$150M and 0.75% over \$150M. (Unfunded not incl. in base). Expense ratio 1.65%.

Trustees & Officers: Byron K. Elliott, chrm. & pres. of trust. Herbert B. Feldmann, pres. of adviser.

Offices: 225 Franklin St., Boston, Mass. 02110. Phone: 617/426-0249. Adviser: 600 American Fletcher Bldg., Indianapolis, Ind. 46204. Phone: 317/633-2443.

Six month outlook: Increase in funds for investment due to public offering and additional lines of credit should cause a good increase in earnings and dividends. Candidate for intermediate term capital appreciation. (VCK)

BARNETT MORTGAGE TRUST (OTC-BMTRS)

Type: short-term mtg.-comcl. bank. FY ends Mar. 31

RANKING

Rank	Assets NA	Equity NA	Port. Yield NA	Equity Ret. NA
Amt. (6/72)	\$91.72M	\$33.29M	11.50%	12.4%

Portfolio (6/72): \$883.64M. Holdings 68% (\$56.93M) constr. loans; 27% (\$22.30M) land devel. loans; 4% (\$3.27M) permanent mtg. loans; 1% (\$1.14M) junior mtg. loans and mtg. warehousing loans. Some 72% of loans are found in Fla. while 12% are in the southeast, 6% in Puerto Rico and 10% in other states. By the end of fiscal 1973 the trust expects to bring the portfolio to a \$120M funded position.

Loss reserve (6/72): \$485T, or 0.58% of mtg. holdings. Reserve is one of highest for a trust with only two yrs. operations.

Recent portfolio changes: Invest. in mtg. loans increased 56% during the 6 mon. ended June 30, 1972. The gain was in constr. and land devel. loans. Mtg. warehousing loans were a new addition but not sizable. More emphasis was in Fla. On Mar. 31, 1972 64% of loans were in Fla. whereas at June 30, 72% were there.

Capitalization (6/72): Capital of \$53.2M incl. \$33.3M equity (1.55M sh.) & \$19.9M subor. debts. Debt of \$40.98M is all notes. Leverage 0.77-1. Sh. reserved would add 117% to present shares.

Latest financing: Sold \$20M subor. debts. w. 40 wts. per \$1,000 bond on Sept. 23, 1971 thru Reynolds Securities. No public financing expected next 6 mon.

Line of credit was \$57.7M at Aug., 1972. Trust plans to increase line of credit and sell more commercial paper.

Investment adviser: Barnett Mortgage Advisers, Inc. Fee 1.2% annual rate of avg. invest. (incl. unfunded closed loans), plus 10% of ROE over prime rate. Expense ratio 2.36% last two quar.

On Jan. 1, 1973 Barnett-Winston Co. will become a 50-50 joint venture with Barnett Banks of Fla. and Barnett-Winston will advise Barnett Mortgage Advisers. Presently Barnett Mortgage Adv. is wholly-owned by Barnett Banks. James Winston and other Barnett-Winston employees can buy 50% of B-W.

Trustees & officers: Guy N. Botts, pres. of the trust; James H. Winston, chrm. of adviser, Charles R. Watson, Jr., pres. of adviser.

Offices: Barnett Bank Building, 100 Laura St., Jacksonville, Fla. 32202. Phone: 904/791-7421.

Six month outlook: The affiliation with James H. Winston should enhance loan origination capability through extension of a quality organization. Also tie-in with the adviser's long-term trust will mean some short-term business. Funds can be increased by bank lines and paper. Intermediate term appreciation is possible. (VCK)

CAMERON-BROWN INVESTMENT GROUP (OTC-CMRNS)
Type: short-term mtg.-comcl. bank. FY ends Dec. 31
RANKING

Rank	Assets NA	Equity NA	Port. Yield NA	Equity Ret. NA
Amt. (6/72)	\$89.03M	\$44.20M	10.54%	10.6%

Portfolio (7/72): \$86.93M. Holdings 65.8% (\$57.24M) constr.; 17.3% (\$15.03M) land; 8.8% (\$7.7M) permanent; 5.0% (\$4.3M) junior; 3.1% (\$27M) equity. By year end trust plans funded investments of \$115-120M.

Loss reserve (6/72): \$523,820, 0.66% of the portfolio.

Recent portfolio changes: Funded invest. gained 36% in latest 6 mon., or avg. gain of \$10.9M per quar. Two recent equity invest. made as follows: recreational facility leased to Fla. condominium; land purchase-leaseback on Wash., D. C. motel. Trust also acquired Miami Beach land (\$1.6M) via foreclosure but expects sale. Two land leasebacks being negotiated.

Capitalization (6/72): \$44.20M equity w. 1.83M sh. Debt: \$41.05 short term notes; \$3.4M commercial paper. Sh. reserved would add 91% to present sh. as follows: 1.67M sh. for wts. Leverage ratio 1.01-1.

Latest financing: Issued 1.75M sh. in Nov. '69 with 1.75M wts. for sh. @ \$25, for \$25 a unit thru Loeb Rhoades. The trust may go to the public before year end but form is unknown. In August, 1972, the line of credit was \$75M. Trust plans to increase line and issue more commercial paper & incr. current 1-1 leverage ratio.

Investment adviser: Cameron-Brown Co., 7th largest U.S. mtg. banking firm. Annual fee is 1% of assets including unfunded loans, plus 10% of ROE over 10%, 10% of gross cap. gains and 25% of forfeited commitment fees. Fees and expenses avg. 1.94% of invest. last 2 quar.

Trustees & officers: Charles P. Landt, managing trustee and treas. of adviser; John Blackwell, Sr. V.P.

Offices: 4300 Six Forks Rd., Raleigh, N.C. 27609. Phone: 919/782-3911.

Six month outlook: Management expects to earn \$0.69-\$0.72/sh. primary & near \$0.80/sh. in next two quar. Dividends will approximate earnings. Sh. appear to have good intermediate-term capital gains potential as front-end costs of acquiring new loans are largely behind. (VCK)

CHASE MANHATTAN MORTGAGE AND REALTY TRUST (NYSE-CMR)
Type: short-term mtg.-comcl. bank. FY ends May 31
RANKING

Rank	Assets NA	Equity NA	Port. Yield NA	Equity Ret. NA
Amt. (5/72)	\$512.24M	\$114.34M	10.45%	14.2%

Portfolio (5/72): \$486.18M. Holdings: 97.7% (\$470.85M) loans; 1.6% (\$7.70M) real estate invest., 0.7% (3.40M) real estate related invest. Loans consist of 129 constr. loans, 13 second mtg. loans, 26 terms loans & invest., 24 land & land devel. loans. The real estate & related invest. were composed of 7 leasebacks & equity invest. The trust has loans in 30 states, Puerto Rico and Canada with concentration in New York, Fla. and New Jersey.

Loss reserve (5/72): \$719T or 0.15% of loan portfolio.

Recent portfolio changes: Loan increased 19% in latest 6 mon., or \$38.2M avg. per quar. Real estate and related invest. gained over 100% in last year. During FY 1972, \$368M was advanced to borrowers and \$197M loans repaid.

Capitalization (5/72): Capital of \$162.3M is \$114.3M equity (w. 4.42M sh.), \$47.5M 6½% convt. debts. & \$1.7M of 6 3/4% convt. debts. Fixed debt of \$345.4M is \$295.4M comcl. paper & \$50.0M of 7 7/8% notes due 1978. Leverage ratio 2.13-1. Sh. reserved would add 21% to present sh. as follows: 864T for 6½% debts., 66T for 6 3/4% debts.

Latest financing: On May 25, 1971 offered \$50M 6½% convt. sub debent. due 1996, convt. at \$55 per share, three Lehman and Lazard Freres. The trust does not plan public financing in next 6 mon.

Bank lines of credit at end of Aug., 1972 were \$215M.

Investment adviser: The Chase Manhattan Bank. Annual fee 1% of invested assets (includes unfunded commitments), plus incentive fee of 10% of ROE over 8% and special fee of 10% of net real. cap. gains. Fees & expenses avg. 1.79% of invest. last 2 quar.

Trust & officers: Raymond T. O'Keefe, chrm. of trust; Adam C. Heck, pres. of trust.

Offices: Trust: One Boston Place, Boston, Mass. 02108. Phone: 617/227-8800. Adviser: 1 Chase Manhattan Plaza, New York, N.Y. 10005.

Six month outlook: The trust's 66% increase in EPS in fiscal 1972 to \$4.19/sh. from \$2.53 considerable pressure on 1973 results. The sh. at \$52.75 are moderately appraised at 12.3 P/E and an est. 7.6% yield. The trust's sponsorship insures future financing as well as loan generation. Sh. are an excellent holding for longest-term growth. (VCK)

CITINATIONAL DEVELOPMENT TRUST (OTC)
Type: short-term mtg.-comcl. bank. FY ends Mar. 31

Rank	Assets NA	Equity NA	Port. Yield NA	Equity Ret. NA
Amt. (6/72)	\$22.39M	\$11.21M	10.33%	10.3%

Portfolio (6/72): \$21.20M. Holdings 99% (\$20.98M) first mtg. constr. & devel. loans; 1% (\$0.21T) interest in joint ventures. Investments are mostly in California but also in 6 other states. Mgmt. expects portfolio to reach \$28M-\$29M by year end.

Loss reserve (6/72): None

Recent portfolio changes: Invest. incr. 55% in last two quar., or avg. gain of \$3.76M per quar. Trust investing in two joint ventures building two apt. bldgs. in Calif. but such joint ventures expected to remain minor as first mtg. loans stressed.

Capitalization: (6/72): \$11.21M equity w. 600T sh. (100T sh. & 100T wts. owned by City Nat. Corp.). Debt totals \$11.02M, incl. \$6.7M bank loans, \$4.3M comcl. paper. Leverage ratio: 0.98-1. None of original 600T wts. have been exercised & they would add 100% to sh.

Investment adviser: City National Bank, 98.5% owned by City National Corporation. Fee on annual basis is 1.2% of invested assets (includes unfunded

loans) plus 10% of ROE over 8% and 5% of ROE over 10%. Fee & expenses avg. 1.93% in FY 1972.

Trustees & officers: Alfred Hart, chrm. of trustees; Raymond E. Lee, pres. of trust.

Offices: 404 No. Roxbury Dr., Beverly Hills, Calif. 90210. Phone: 213/273-2220.

Six month outlook: Steady and modest growth in earnings and dividends but small size of trust limits investment interest. Small institutional affiliation and localized coverage limit possibilities. (VCK)

CITIZENS AND SOUTHERN REALTY INVESTORS (NYSE-CZS)

Type: short-term mtg.-comcl. bank. FY ends Sept. 30

RANKING

Rank	Assets NA	Equity NA	Port. Yield NA	Equity Ret. NA
Amt.(6/72)	\$189.93M	\$64.91M	9.9%	13.7%

Portfolio (6/72): \$179.34M. Holdings 75.4% (\$145.89M) constr. loans, 17.6% (\$1.45M) land loans; 5.4% (\$9.68M) long-term loans; 1.6% (\$2.85M) real estate. Real estate includes \$1.4M in land sales leasebacks, the rest in joint ventures-2 apartment projects and a shopping center. About 88% of loans concentrated in southeast, esp. Georgia.

Loss reserve (6/72): \$468,355 or 0.36% of loan portfolio.

Recent portfolio changes: Portfolio gained 34% in 6 mon. to June, or \$22.9M per quar. avg. Major gains in const. loans, up 50% in 6 mon.

Capitalization(6/72): \$64.91M equity w. 3.4M sh. Debt of \$123.8M was \$105.3M comcl. paper & \$18.5M notes. By August comcl. paper incr. to \$133M. Sh. reserved would add 21% to present sh. with 723T sh. reserved for wts.

Latest financing: Trust plans offering of \$25M seven yr. debs. w. wts. exercisable only after 5 yr. Dean Witter, Lehman Bros. & Robinson-Humphrey will lead underwriters.

At Aug. 1972 bank lines were \$135M, up from \$127M in June. Trust plans to keep increasing amount.

Investment adviser: The Citizens Southern National Bank. Annual fee is 0.5% on long-term assets, 1% on short-term assets and 10% of cash flow on equities. (Unfunded invest. not included in assets.) Incentive fee of 10% of ROE over the highest prime rate, 10% of net realized cap. gains, 25% of forfeited comm. fees and .375% servicing fee. Fees & expenses avg. 1.7 3% of port. last 2 quar.

Trustees & officers: Mills B. Land, chrm. of trust & Philip S. Barnett pres. of trust & v.p. of adviser.

Offices: 33 North Avenue, N.E., Atlanta, Ga. 30308. Phone: 404/588-3726.

Six month outlook: New funds generated by the proposed offering should add to potential for further growth in earnings and dividends. Dilution potential at present is small and proposed offering in present form would postpone warrant. Growth potential of southeast U.S. aids the trust. Quality affiliation and good personnel depth give the trust intermediate term appreciation potential. (VCK)

CONTINENTAL ILLINOIS REALTY (NYSE-CIR)

Type: Short-term mtg.-comcl. bank. FY ends Mar. 31

RANKING

Rank	Assets NA	Equity NA	Port. Yield NA	Equity Ret. NA
Amt.(6/72)	\$118.58M	\$51.95M	8.84%	8.6%

Portfolio (6/72): \$10.99M all in constr. and devel. loans, of which \$6M secured by second mtg. Loans of \$8M were not current on interest due to foreclosure proceedings or completion of constr. Mgmt. expects funded loans to grow by \$10M-\$15M per quarter and reach \$150M by Mar. 1973.

Loss reserve (6/72): \$864T or 0.79% of portfolio.

Recent portfolio changes: Mtg. loans gained 11% in latest 6 mon., an avg. of \$6.0M per quar. In June trust moved to foreclose on a \$5.7M land devel. & const. loan in San Jose, Cal. & ceased accruing interest on a \$1.8M Miami, Fla. apt. loan which had resulted from resale of project acquired earlier thru foreclosure. These plus decline in portfolio yield of 2.1% over past year brought sharp decline in June quar. earnings to \$0.40/sh.

Capitalization (6/72): \$51.95M w. 2.79M sh. Debt: \$64.26M short-term unsecured notes. Leverage ratio is 1.24-1. Sh. reserved would add 7% to present shares as follows: 183T for wts.

Latest financing: Trust has made no public offering since initial offering April 1969. No public financings planned next 6 mon. Current bank lines are \$48M, most at prime rate. Trust may seek intermediate-term loan in next two mon.

Investment adviser: Continental Illinois Realty Advisors, Inc. a wholly-owned subsidiary of Cont. Ill. Cp. Fee is 1.2% annual rate of avg. invest. (including unfunded portion of loans) plus incentive fee of 10% of ROE over 8%. Fees & expen. avg. 2.06% last 2 quar.

Trustees & officers: James D. Harper, pres. of trust and manager; Jack A. Brown, treas. of trust and secretary of manager.

Offices: One Wilshire Bldg., Los Angeles, Calif. 90017. Phone: 213/680-9207.

Six month outlook: Management's expectation of portfolio growth is reasonable basis for expecting rebound in earnings & dividend. Favorable capital structure, strong sponsorship and aggressive personnel add to potential. Sh. a sound speculation on earnings recovery in early 1973. (VCK)

FIRST OF DENVER MORTGAGE INVESTORS (ASE-FDE)

Type: short-term mtg. comcl. bank. FY ends Sept.30

RANKING

Rank	Assets NA	Equity NA	Port.Yield NA	Equity Ret. NA
Amt.(6/72)	\$56.21M	\$28.02M	10.48%	10.6%

Portfolio (6/72): \$53.45M. Holding 90.0% (\$48.11M) first mtg. loans; 8.4% (\$4.5M) second mtg. loans; 1.6% (\$851T) real estate equity. About 74% of loans in Colorado, expects portfolio to grow about 15% in next 6 months.

Loss reserved (6/72): \$210,880 or 0.39% of mtg. loans.

Recent portfolio changes: Port. grew 17.5% in last two quar., or avg. \$4.0M per quar. In June quar. trust completed first land purchase-leaseback on land beneath motel & office bldg. in Denver. Second land lease back on Houston property expected Sept. quar.

Capitalization (6/72): \$28.02M equity w. 1.51M sh. Debt: total \$27.83M (\$15.4M comcl. paper, rest bank loans). Leverage ratio: 0.99-1. No wts. from initial offering have been exercised & sh. reserved would add 100% to 1.51M sh. outstanding.

Latest financing: No public offerings since initial offering Oct. 1970. No offerings planned next six months. Bank lines currently \$32.5M & incr. of \$5.0M planned by end of Sept. quar.

Investment adviser: First National Advisors, Inc. Annual fee 1.2% of invested assets (incl. unfunded commitments) plus incentive of 10% of ROE over 8% and a special fee of 10% of net cap. gains. Fees & expenses avg. 2.3% of invest. last 2 quar.

Trustees & officers: Bruce D. Alexander, chrm. of trust; Clarence Liller, Jr. pres. of trust and adviser.

Offices: 1810 First National Bank Building, Denver, Col. 80202. Phone: 303/893-2211.

Six month outlook: Planned opening of loan offices outside Rocky Mountain region (in conjunction with bank's mtg. banking sub.) should broaden loan production capability. Trust base small enough to permit earnings growth (provided wts. not exercised) & sh. suitable for intermediate term benefits of new office openings. (VCK)

FIRST PENNSYLVANIA MORTGAGE TRUST (NYSE-FPM)

Type: short-term mtg.-comcl. bank. FY ends July 31

RANKING

Rank	Assets NA	Equity NA	Port.Yield NA	Equity Ret. NA
Amt.(7/72)	\$102.87M	\$53.37M	10.58%	10.4%

Portfolio (7/72): \$101.37M. Holdings: 60% constr.; 25% devel.; 8% interim; 7% land. Trust has loans in 23 states plus Wash. D. C., Virgin Is. and Puerto Rico. States of significant concentration are Fla., Ga., N.Y., Tex., and Va.

Loss reserve (7/72): \$21T or 0.42% of loans.

Recent portfolio changes: Portfolio incr. 21% in past 6 months or \$8.79M avg. per quarter. Portfolio should stabilize in next 6 mon. due to expected heavy repayments.

Capitalization (7/72): Capital \$65.07M incl. \$53.4M equity (w. 2.64M sh.) & \$12.7M 6 3/4% convt. debts. Debt of \$34.8M all promissory notes. Leverage ratio is 0.54-1. Sh. reserved would add 64% to present sh. as follows: 923T for 1974 wts. (at \$20); 270T for 1975 Ser. B. wts. (at \$28 1/4) & 489T for debentures at \$26.

Financing: Offered \$30M of 6 3/4% convt. debts. w. 18 Ser. B wts. per \$1,000 deb. thru Merrill Lynch & Lehman Bros. in Aug. 1971. No public financing planned next 6 mon. Bank lines currently \$59M at prime with \$0.5M in compensating balances. No significant increase expected in lines.

Investment adviser: Associated Advisers, Inc., affiliated w. Associated Mtg. Co. Expense ratio is 2.19% for the last two quar.

Trustees & officers: John R. Bunting, chrm. of trust; Philip Zinman, pres. of trust & chrm. of adviser; Ridgeley P. Ware, pres. of adviser.

Offices: Trust: 28 State St., Boston, Mass. 02109. Phone: 617/227-7042. Adviser: 519 Federal St., Camden, N.J. 08103. Phone: 609/541-4100.

Six month outlook: Slow growth in portfolio will limit near-term earnings & dividend growth. Substantial potential dilution could also restrict results. Sh. currently are for long-term income accounts. (VCK)

FIRST WISCONSIN MORTGAGE INVESTORS (ASE-FWM)

Type: short-term mtg.-comcl. bank. FY ends Dec.31

RANKING

Rank	Assets NA	Equity NA	Port.Yield NA	Equity Ret. NA
Amt.(6/72)	\$59.74M	\$29.79M	10.78%	9.8%

Portfolio(6/72): \$56.78M. Holdings 77% first mtg. const.; 16% first mtg. devel.; 6% junior mtg.; 1% equity. Loans located in 27 states with bulk of invest. in midwest and south-east. Mgmt. anticipates funded commitments at \$100M by Dec.

Loss reserve (6/72): \$75T or 0.13% of mtgs.

Recent portfolio changes: During months ended June 30, total portfolio grew by \$15.2M or 37%. One land purchase leaseback was finalized in quarter. The trust has just approved \$9.5M for land purchases.

Capitalization (6/72): \$29.79 w. 1.26M sh. Debt: \$29.73M commercial paper. Leverage ratio is 1.00-1. No sh. reserved.

Financing: The trust went public Dec. 14, 1971 with sale of 1.2M sh. of beneficial interest @ \$25.00 thru Goldman, Sachs and Robert W. Baird & Co. Another financing is not planned till early next year, with pure equity favored.

Trust has \$82M line of credit with 9 banks at prime rate. Trust expects this to reach \$100M by Dec. quar.

Investment adviser: First Wisconsin Mtg. Co. Fee is at annual rate of 0.5% of long-term loans and 1% of other invested assets (incl. unfunded loans). There is an incentive fee of 10% of ROE over 8% & a special fee of 10% of net realized cap. gains. Expense ratio for the quarter is 2.81%.

Trustees & officers: Hal C. Kuehl, chrm. of trust & adviser; James E. Liek, pres. of trust & adviser.

Offices: 100 Federal St., Boston, Mass. 02110. Phone: 617/357-9300. Executive: 241 West Wisconsin Av., Milwaukee, Wis. 53203. Phone: 414/276-6100.

Six month outlook: As with any new trust, a track record must precede an accurate investment appraisal. The trust does have good sponsorship, no dilution potential to earnings and a sufficient stream of funds, all ingredients of a sound commitment even with the lack of seasoning. (VCK)

TRI-SOUTH MORTGAGE INVESTORS (NYSE-TSI)

Type: short-term mtg.-comcl. bank. FY ends Dec. 31

RANKING

Rank	Assets NA	Equity NA	Port.Yield NA	Equity Ret. NA
Amt.(6/72)	\$100.32M	\$28.46M	10.76%	11.6%

Portfolio (6/72): \$95.99M. Holdings: 49.0% (\$47.00M) constr.; 6.2% (\$5.91M) land devel.; 4.2% (\$4.1M) land acq.; 28.5% (\$27.32M) intermediate; 7.2% (\$6.95M) long-term; 4.9% (\$4.73M) junior. Invest. in 24 states but about 80% of portfolio in southeastern U.S. Mgmt. expects fundings to be reach \$125M by December '72.

Loss reserve (6/72): \$251,339 or 0.26% of portfolio.

Recent portfolio changes: Funded portfolio increased 5.9% in last 2 quar., or \$17.8M avg. per quarter. Trust portfolio objectives are 50% short-term mtg.; 20% intermediate; 20% permanent; 10% equity. Mgmt. believes this balance can be reached in 1974. At present more stress is being placed on short term invest. & trend is expected to continue.

Capitalization (6/72): Permanent capital of \$52.9M incl. \$28.46M equity (w. 1.54M sh.) & \$24.47M of 7% convt. debts. Fixed debt of \$45.18M is all comcl. paper. Leverage ratio: 0.85-1. Sh. reserved would add 91% to sh. outstanding, as follows: 829T sh. for covt. debts at \$29.50 & 561T sh. for wts.

Latest financing: Sold \$25M 7% convt. sub. debts due 1997 thru Morgan Stanley Feb. 8, 1972. Deben. convt. at \$29.50/sh. No public financing anticipated till 3rd or 4th quar. of 1973.

Trust has \$37M line of credit at prime with 6 banks but presently not being used. Present \$60M letter of credit for comcl. paper is backed by sponsoring banks and 6 others & will be increased to \$75M by Oct. 1.

Strong cash flow from exercise of over 19% of wts. has aided funding.

Investment adviser: Tri-South Management Associates. Fee is 0.5% annual rate on perm. loans & 1% on constr. loans (incl. unfunded loans).

Incentive fee of 10% of ROE over 8% plus 10% of net extraordinary items and cap. gains. Fees & expenses avg. 2.21% of invest. last 2 quar.

Trustees & officers: Addison H. Ruse, chrm. of trust. Charles G. Bartenfeld, pres. of trust & adviser.

Offices: 2 Peachtree Stree, N.W., Atlanta, Ga. 30303. Phone: 404/577-7104.

Six month outlook: Strong financial backing insures sufficient funds, at reasonable rates. Dilution to earnings from strong wt. exercise could moderate growth but trust should be able to show good increase in earnings & dividends. Sh. are an intermediate term capital gains candidate. (VCK)

UNIONAMERICA MORTGAGE AND EQUITY TRUST (ASE-UAT)
Type: short-term mtg.-comcl. bank. FY ends Nov. 30

RANKING

Rank	Assets NA	Equity NA	Port.Yield NA	Equity Ret. NA
Amt. (5/72)	\$70.74	\$30.32	11.58%	12.6%

Portfolio (5/72): \$66.90M. Holdings 60% constr. loans; 17% interim loans; 13% equity invest; 4% devel. loans; 2% land loans; 2% mobile home park loans; 1.5% second trust loans; 0.6% long-term loans. Loans located in 18 states with emphasis in Texas (24.6%); Fla. (13.5%); Calif. (10.9%) Ga. (9.0%). Mgmt. anticipates portfolio to grow to \$100M area is next 6 mon. with structure the same as present.

Loss reserve (5/72): \$309,000 or 0.53% of mtg.

Recent portfolio changes: Portfolio increased by 26%, last 6 mon., or \$6.82M avg. per quarter. Loans showed the highest increase with equity invest. increasing only slightly.

Capitalization (5/72): \$30.32M w. 1.59M sh. Debt: \$35.32 commercial paper; \$3.68M notes payable to banks. Leverage ratio 1.31-1. Sh. reserved would add 58% to present sh. as follows: 922T sh. for wts. at \$20.

Latest financing: Offering of 1.25M units (1 sh. plus 1 wt. to purchase one sh. at \$20) Dec. 11, 1969. Trust does not plan public financing next 6 months.

Bank lines of credit presently at \$45M and are at prime rate with normal compensating balances.

Investment adviser: Unionamerica Advisors, Inc. Annual fee is 1% of assets over \$100M, 0.9% of \$100-\$200M, 0.8% over \$200M (unfunded commitments included in assets) plus 10% of ROE over 8% and 5% of ROE over 10%. Expense ratio is 2.52% last 2 quar.

Trustees & officers: Robert H. Volk, chrm. of trust; Bert J. Finburgh, exec. vice chrm. of trust and pres. of adviser.

Offices: 4201 Wilshire Blvd., Los Angeles, Calif. 90010. Phone: 213/937-4211.

Six month outlook: Trust should show moderate increase in earnings. Warrant exercise has reduced dividends last two quarters and is a near-term negative. Sh. are for longer-term investment. (VCK)

WACHOVIA REALTY INVESTMENTS (NYSE-WRI)

Type: short-term mtg.-comcl. bank. FY ends Aug. 31

RANKING

Rank	Assets NA	Equity NA	Port.Yield NA	Equity Ret. NA
Amt. (5/72)	\$122.26M	\$63.65M	11.94%	14.0%

Portfolio (5/72): \$118.94M Holdings 72% in constr. loans; 16% in land devel. loans; the remainder in land, interim, permanent, wrap-around and second mtg. loans. Trust expects total funded portfolio to reach \$140-\$150M next 6 mon.

Loss reserve (5/72): \$913,000 or 0.77% of mtg.

Recent portfolio changes: In 19 months ended May 31, 1972 total portfolio increased 13% last 6 mon. or \$6.8M on avg. per quarter. In the next six months, mgmt. expects longer-term portion to advance with constr. loans being reduced to about 65% of total portfolio. Trust is also planning some land purchase leasebacks.

Capitalization (5/72): \$63.65M w. 3.34M sh. Debt: \$51.14M commercial paper; \$6.7M notes payable to bank. No sh. reserved. Leverage ratio is 0.91-1. There is no potential dilution.

Latest financing: Initial offering of 3.33M sh. @ \$20 on Feb. 3, 1970 thru Merrill Lynch. Public offering in next 6 months is highly doubtful. Bank lines of credit are presently \$65M at prime & only 10% compensating balance if funds are used less than 6 months of the year.

Investment adviser: Wachovia Mtg. Co. Annual fee is 1.2% of avg. investments (incl. unfunded commitments) plus 10% of ROE over 8%. Expense ratio is 2.18% last 2 quar.

Trustees & officers: James H. Styers, chrm. of trust & adviser; Charles G. Reavis, Jr., pres. of trust and adviser.

Offices: Trust: Middleburg Plaza Office Bldg. 2712 Middleburg Dr., Columbia, S. C. 29204. Phone: 803/779-5052. Adviser: 1100 South Stratford Rd., Winston-Salem, N.C. 27103. Phone: 919-748-5941.

Six month outlook: Good financing and loan generation capabilities plus no overhanging direction point to growth in earnings and dividends. Solid candidate for intermediate capital appreciation. (VCK)

WELLS FARGO MORTGAGE INVESTORS (NYSE-WFM)

Type: short-term mtg.-comcl. bank. FY ends June 30

RANKING

Rank	Assets NA	Equity NA	Port.Yield NA	Equity Ret. NA
Amt. (6/72)	\$162.81M	\$68.65M	9.29%	10.5%

Portfolio (6/72): \$158.10M. Holdings 81% first mtg. constr.; 8% junior mtg.; 7% land and devel.; 3% intermediate; 1% land. States w. largest concentration include Calif. Ariz., Tex., Fla., N.Y. and Colo.

Loss reserve (6/72): \$310,000 or 0.20% of mtg.

Recent portfolio changes: Total portfolio grew 29%, in last 6 mo. or \$17.7M on avg. per quarter. Management does not expect portfolio composition to vary in the next 6 months.

Capitalization (6/72): \$68.65M w. 3.77M sh. Debt: \$90.53M commercial paper. Leverage ratio is 1.32-1. Sh. reserved would add 49% to present sh. as follows: 1.87M sh. for wts.

Latest financing: Initial offering of 3.75M unit (1 sh. plus 1 wt. to purchase 1/2 sh. @ \$20) on June 30, 1970 thru Eastman Dillon. No public offering planned in next 6 months.

Bank lines presently at \$70M are at prime rate with varying balance which are less than 10% on avg. Bank lines will be increased & will be near \$100M in next 3-6 months.

Investment adviser: Wells Fargo Realty Advisors. Annual fee is 1.2% of invested assets (incl. undisbursed commitments) plus 10% of ROE over 8% and 10% of real. cap. gains. Avg. expense ratio for the last two quarters is 1.86%.

Trustees & officers: Ernest C. Arbuckle, chrm. of trust; Richard P. Cooley, chrm. of adviser; Carl E. Reichardt, pres. of adviser.

Offices: Los Angeles International Airport P.O. Box 30015, Terminal Annex, Los Angeles, Calif. 90030. Phone: 213/640-0883.

Six month outlook: Despite some significant potential future dilution, growth in earnings and dividends should be maintained due to financial backing and sponsorship. Can expect intermediate capital appreciation for sh. (VCK)